

MATRIX OF RECOMMENDATIONS ON INFORMALITY IN ALBANIA		SECRETARIAT INVESTMENT COUNCIL DECEMBER 2015
PILLAR	RECOMMENDATION	TIME-FRAME
<b>A. Formalization Reform – Partnership with Business</b>	<p>1. Preparation and approval by the Council of Ministers of a Comprehensive Strategy against informal economy on the basis of sectorial analyses, which takes into consideration the work done to date and creates the image of a serious and long term commitment of Government. The document should be accompanied by an action plan, on sectorial approach, time-lines and well-defined responsible institutions, consulted and coordinated with business representatives.</p>	<b>Short term</b>
<b>B. A Tax System Responsive to Formalisation</b>	<p>2. <i>Reassessment and analysis of the current tax system</i> (the burden and the politics) whether it discourages or encourages formalization on the basis of the following elements:</p> <ul style="list-style-type: none"> <li>a) VAT/Profit Tax threshold</li> <li>b) Incentives that may accompany the fight against informality</li> </ul>	<b>Mid term</b>

	<p>3. Simplification of administrative bureaucracy with the aim of reducing the number and time for carrying out payments in particular for medium, small and micro businesses, and making available to the taxpayers innovative services.</p> <p>4. Enhancement of administration accountability in order to respond to the formalization reform.</p>	<p><b>Short term</b></p> <p><b>Short term</b></p>
<p><b>C. A Regulatory System, Supportive to Formalization</b></p>	<p>5. The formalisation reform must also have a goal to relieve the administrative burden for taxpayers, by promoting compliance with the tax system and the regulatory system.</p> <p>a) Improvement of public institutions' infrastructure in relation to application of online systems and enhancing the exchange of information in real time.</p> <p>b) Accurate categorization of professions both from legal and administrative aspects.</p> <p>c) Unification of investigation and inspection units of the Tax Administration and Custom Administration</p> <p>d) Clear legal definition of wholesale and retail markets</p> <p>e) Formalization in agriculture</p>	<p><b>Mid term</b></p>
<p><b>D. Access to Finance and Improvement of Financial Services - an Incentive in Formalization</b></p>	<p>6. Të konsiderohet bashkëpunimi i mëtejshëm me institucionet financiare bankare dhe institucionet financiare jo-bankare në kontekstin e strategjisë së formalizimit dhe përfitimeve.</p> <ul style="list-style-type: none"> <li>• Increase the access to banking services</li> <li>• Encouraging banking transactions and electronic payments</li> </ul>	<p><b>Mid term</b></p>

<p style="text-align: center;"><b>E. Consultation, Transparency and Education</b></p>	<p>7. Implementation of the Law No. 146/2014 “On Public Notification and Consultation”</p> <p>8. Initiation of Grant and crediting programs by the Government and Donors may play a key role in awareness raising and consultation on the formalization of certain private sector groups.</p> <ul style="list-style-type: none"> <li>• More consultation and awareness-raising to the farmers.</li> <li>• Initiation of targeted awareness-raising campaigns in cooperation with the business associations or other private partners such as micro-financing institutions in rural areas.</li> <li>• Publicly appreciating compliant businesses.</li> </ul>	<p style="text-align: center;"><b>Mid term</b></p>
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Matrix of Recommendations on Informality in Albania (Matrix) is the outcome of the Working Document prepared by the Secretariat of the Investment Council in December 2015. The purpose of the Matrix is to summarize the Recommendations and Solutions proposed in the Working Document. In addition, Matrix serves as an Internal Monitoring Plan of the Secretariat in order to follow up the implementation of the recommendations as per the time-frames set forth below:

- **Short-term** - period from 3 months to 6 months.
- **Mid-term** - period from 6 months to 1 year.